UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/CN.3/1995/5
12 January 1995

ORIGINAL: ENGLISH

STATISTICAL COMMISSION
Twenty-eighth session
27 February-3 March 1995
Item 6 of the provisional agenda*

INTERNATIONAL TRADE STATISTICS

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on International Trade Statistics (Convener: General Agreement on Tariffs and Trade (GATT)), which is contained in the annex. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its special session. 1/

Notes

1/ Official Records of the Economic and Social Council, 1994, Supplement No. 9 (E/1994/29), para. 1.

* E/CN.3/1995/1.

95-00988 (E) 310195 030295

Annex

REPORT OF THE TASK FORCE ON INTERNATIONAL TRADE STATISTICS

CONTENTS

		Paragraphs	Page
I.	BASIC INFORMATION	1	3
II.	TERMS OF REFERENCE	2	3
III.	WORK DONE SINCE THE SPECIAL SESSION OF THE STATISTICAL COMMISSION	3 - 5	3
IV.	FUTURE WORK PROGRAMME	6 - 7	4
V.	POINTS FOR DISCUSSION	8	5

Appendices

I.	Country practices in international trade statistics	6
II.	Revision of United Nations concepts and definitions in international trade statistics	7
III.	Revision of the Standard International Trade Classification, Revision 3	12

I. BASIC INFORMATION

1. The Task Force on International Trade Statistics was established by the Statistical Commission's Working Group on International Statistical Programmes and Coordination at its fifteenth session (New York, 29 June-1 July 1992) (see E/CN.3/1993/21, para. 51) and its establishment was endorsed by the Statistical Commission at its twenty-seventh session. a/ The members of the Task Force are: Statistical Division of the United Nations Secretariat (UNSTAT), Economic Commission for Africa (ECA), Economic Commission for Europe (ECE), Economic and Social Commission for Western Asia (ESCWA), Economic and Social Commission for Asia and the Pacific (ESCAP), Economic Commission for Latin America and the Caribbean (ECLAC), United Nations Conference on Trade and Development (UNCTAD), Food and Agriculture Organization of the United Nations (FAO), General Agreement on Tariffs and Trade (GATT), World Bank, International Monetary Fund (IMF), Inter-American Development Bank (IDB), International Trade Centre (ITC), Organisation for Economic Cooperation and Development (OECD), Statistical Office of the European Communities (Eurostat) and World Customs Organization (WCO).

II. TERMS OF REFERENCE

2. The Task Force operates according to the common terms of reference approved by the Statistical Commission for the six task forces (see E/CN.3/1993/21, para. 53; before the Commission as a background document).

III. WORK DONE SINCE THE SPECIAL SESSION OF THE STATISTICAL COMMISSION

3. The Task Force met in Luxembourg from 14 to 16 November 1994, after which it held a one-day technical forum to which national statistical representatives and other experts were invited. The technical forum focused mainly on adjustments to and estimates of trade data.

4. The major results achieved by the Task Force in the period under review are:

(a) An increased use by UNSTAT of IMF monthly data;

(b) Major improvements in the coverage of the UNSTAT commodity trade database (COMTRADE) through UNSTAT implementation of a comprehensive plan of action, including significant exchange of data among international organizations;

(c) The decision to stop work in the area of adjustments to national data in order to improve international comparability and related COMTRADE systems development. The decision was reached after reviewing the work accomplished thus far, taking into consideration the amount of resources spent and assessing the potential for further progress;

(d) Completion of a draft of the publication on national practices in external trade. Responses by countries to individual questions indicate the number of occurrences and have also been trade-weighted. In addition, compliance averages have been calculated at the total level for each question (see appendix I);

(e) Agreement on a plan of action and outline for the revision of United Nations concepts and definitions for international trade statistics (see appendix II);

(f) Agreement that it is not necessary to proceed with a revision of the Standard International Trade Classification, Revision 3 (SITC, Rev.3) in order to keep SITC, Rev.3 in line with the Harmonized Commodity Description and Coding System (HS), because the changes in SITC, Rev.3 are considered to be minor in scale (see appendix III);

(g) Agreement to an UNSTAT proposal for dealing with data based on SITC, Rev.3 and HS in COMTRADE, as follows:

(i) To convert HS 92 and HS 88 data to HS 96. Since the next revision of HS is not expected before 2000, a historical series of 12 years would exist by that time;

(ii) To convert data based on SITC, Rev.1 to SITC, Rev.2;

(iii) To cease including SITC, Rev.3 data in the database and to keep only SITC, Rev.2 data for historical series back to 1962, as well as HS 96 data starting with 1988 data for current detailed data;

(h) Contribution of expert inputs to two training workshops, one in Moscow for member countries of the Commonwealth of Independent States and the other in Lima for member countries of the Asociación Latino americana de Integración (ALADI).

5. The minutes of the meeting are before the Commission as a background document.

IV. FUTURE WORK PROGRAMME

6. The future work programme of the Task Force can be divided into two distinct categories. The first is of an ongoing nature and includes:

(a) Use by UNSTAT of IMF data;

(b) Use of Eurostat data in COMTRADE;

(c) Use by OECD of COMTRADE data;

(d) Sharing estimates as they become available;

(e) Improving the content and flow of COMTRADE data;

(f) Sharing data on price and volume indices.

7. The second category comprises projects with a more definite deadline attached to them, as follows:

(a) Review of publications (1995);

(b) Review of questionnaires (1995);

(c) Report on estimates methodology (1995);

(d) Publication of the report on national practices in external trade (1996);

(e) Revision of concepts and definitions (1997).

V. POINTS FOR DISCUSSION

8. The Statistical Commission may wish to:

(a) Concur with the decision of the Task Force on International Trade Statistics to stop work on adjustments to trade data;

(b) Endorse the plan of action and outline for the revision of United Nations concepts and definitions in international trade statistics (see appendix II);

(c) Accept the recommendations of the Task Force concerning the revision of SITC, Rev.3;

(d) Endorse the proposal of the Working Group on International Statistical Programmes and Coordination that countries (developed countries in the first instance) should analyse their practices and outline a plan of action for improving compliance with the international recommendations for international trade statistics, including the rationale for areas of non-compliance (see E/CN.3/1995/2, para. 11 (c)).

Notes

a/ See Official Records of the Economic and Social Council, 1993, Supplement No. 6 (E/1993/26), para. 27.

Appendix I

COUNTRY PRACTICES IN INTERNATIONAL TRADE STATISTICS

1. UNSTAT, in response to a request by the Working Group on International Statistical Programmes and Coordination at its seventeenth session (E/CN.3/1995/2, para. 11 (a)), carried out an analysis of country practices on a regional basis and in respect of developed and developing countries, as well as on a trade-weighted basis, and examined the extent and importance of non-compliance with United Nations recommendations for international trade statistics. The analysis, which is based on replies to a questionnaire received from 131 countries or areas, is before the Commission as a background document. UNSTAT also sent out a follow-up questionnaire, the results of which, based on 71 replies received as of November 1994, are also before the Commission as a background document. Non-respondents to the follow-up questionnaire will be contacted in January 1995.

2. The report on country practices, incorporating the results of both the original and the follow-up inquiries, will be published in the first quarter of 1996 and made available to countries. That information will be taken into account in the revision of United Nations recommendations for international trade statistics during 1995 and 1996, as requested by the Working Group (E/CN.3/1995/2, para. 11 (b)).

Appendix II

REVISION OF UNITED NATIONS CONCEPTS AND DEFINITIONS IN INTERNATIONAL TRADE STATISTICS

1. At the request of the Working Group on International Statistical Programmes and Coordination (E/CN.3/1995/2, para. 11 (d)), plans for the revision of United Nations concepts and definitions in international trade statistics and its proposed timetable are brought to the attention of the Commission, as described below.

General concepts, approach and timetable

2. The revision is intended to (a) clarify and explain more fully current concepts and definitions in international trade statistics, as necessary; (b) extend those concepts and definitions to cover new developments in international trade; and (c) harmonize them with current concepts and definitions in related areas, particularly national accounts, balance of payments and international trade in services. The range of improvements should be aimed at promoting better understanding and proper implementation by national compilers.

3. Drafting of the various chapters, with primary drafting responsibilities shared by several international organizations, has begun.

4. According to the timetable, the existing draft outline is to be sent to a large number of countries in January 1995 for comments from national experts in the areas of statistics, customs, balance of payments, national accounts and international trade in services; a first draft of the revised concepts and definitions is to be circulated to countries for comments about mid-1995; an expert group is to be convened late in 1995 (probably November) to review both draft and comments; and the text for submission to the Statistical Commission at its twenty-ninth session is to be finalized during the first half of 1996. If the draft is substantially approved by the expert group in November 1995, however, the text could be finalized as early as February 1996 or thereabouts. In that event, rather than wait until its twenty-eighth session, the Commission may wish to permit the Secretariat to circulate the text to all Commission members for comments and possible approval early in 1996.

5. The process of development and review should incorporate inputs from the regional commissions, since several of them have particular experience in this field. In the first instance, regional commissions have been included in the circulation of the draft outline and will be invited to contribute at each stage, including participation in the above-mentioned expert group meeting. After the revision of concepts and definitions is complete, consideration will be given to preparing a manual for countries for the compilation of international trade statistics, taking account of the work already done by ESCAP; the field experience of the regional commissions will be of major importance for this project.

6. An initial review indicates that if international trade statistics are to be harmonized with balance-of-payments statistics, national accounts statistics and statistics of international trade in services, changes in trade concepts and definitions may be needed. Such changes are likely to affect coverage, trade system, valuation and partner country treatment; the continuity of trade series may also be affected.

Draft outline for revised concepts and definitions in international merchandise trade statistics

A. Introduction

Why do we want statistics on international trade in merchandise; what are the standard variables and what is their function; process for deriving the concepts and definitions; relevance/role of country practices; changes in the world economy and their impact on trade statistics and recommended concepts and definitions; (globalization, technological changes, regional cooperation and integration, including free trade associations and others).

B. Harmonization with other fields of economic statistics

How is international merchandise trade defined in the new SNA and the new IMF Balance of Payments Manual in comparison to relevant current trade concepts; relationship to international trade in services and input-output analysis; scope for harmonization; incorporating of some balance-of-payments adjustments into merchandise trade data.

C. Conceptual framework for the compilation of international merchandise trade statistics

Detection of an international trade transaction

Can be achieved (a) traditionally, through Customs documents; or (b) using other detection methods, such as value-added tax (VAT) systems and surveys.

Commentary

Quality implications because of undetected trade through smuggling; confusion between goods and services; matters of coverage where VAT and surveys are used; how to supplement customs data for commodities that may not be the subject of a customs procedure/document.

Coverage

What is trade in goods as opposed to trade in services; transactions not to be counted; shuttle goods; repairs; goods for processing; postal trade; courier services; warranties; national boundaries, including continental shelf; flows to and from international waters; contracting; merchandising transactions;

reporting thresholds (exclusion of "small value" transactions); estimates for "small value" transactions; personal effects of travellers; special attention to inclusions/exclusions that are not substantially adhered to in current national practices or that make it difficult to collect information, such as ships; transactions that represent a service transaction, such as films and computer software; clarification of goods on temporary admission.

Commentary

Goods and services increasingly bundled, particularly in turnkey projects; boundary no longer sharp; effects on quality; clarification of transit and temporary storage/warehousing.

Trade systems

Inward and outward flows; clarification of the customs territory/ statistical territory; the various customs and/or enterprise survey procedures and their statistical interpretation; detailed description of general and special trade in terms of the various kinds of customs procedures identified; how to classify trade transactions into special and general; improving understanding of the two systems; connections between each (special and general) and the national accounts; the treatment of re-exports; free trade zones - entrepots and processing (inward and outward) require extended treatment and specification; clarification/standardization of terms used by customs e.g. warehouse, customs bonded warehouse, free zone, free port; provide examples of amount of processing required for converting previously imported goods into goods of national origin.

Commentary

Limitations of information on re-exports; through-flows (transit, warehousing etc.); widespread leasing; clarification of financial lease/ operational lease.

Assignment of a partner country to a transaction

Use of country codes (International Organization for Standardization (ISO), United Nations country codes for statistical use, the IMF alpha-numeric system, and other); maintenance of codes; different systems: origin, consignment, purchase, destination and sale; rules of origin.

Commentary

Different objectives sought by the different systems; ambiguity of "origin"; concepts suited for trade reconciliation (e.g., consignment) and transportation; concepts incompatible with trade reconciliation but compatible with production; particular problems, such as country assignment in the case of used capital goods, ships, bunkers and stores, and military goods in some cases; operational viability of concepts of origin and destination.

Valuation and currency conversion

GATT rules on valuation and value added; Brussels Definition of Value (BDV); rebates and discounts; special problems of barter, affiliated enterprises, non-commercial transactions, financial leasing, goods on consignment and complete industrial plants; valuation (cost, insurance and freight (cif), free on board (fob) and free alongside ship (fas)); standard table on currency conversion rates; selection and application of exchange rates; data on freight and insurance costs for fob/cif adjustment.

Commentary

Intra-enterprise (inter-affiliate) trade; difficulties in applying BDV; unique goods with no market counterpart.

Commodity classification

Primary international classification (HS) and its maintenance; derived international classifications (SITC, International Standard Industrial Classification of All Economic Activities (ISIC), Classification by Broad Economic Categories (BEC)).

Commentary

Ruling by CCC; national supplements to HS; maintenance of derived classifications; requirements for auxiliary information (input-output, special surveys).

Quantities

Complements to HS; standard units and standard supplementary/additional units; purposes; control; net and gross shipping weight; use of both; importance of quantity data for a range of uses.

Reference period

Definition of standard period; treatment of carryovers; revisions.

D. Other topics

Time of recording

Change of ownership; movement across boundaries; time of clearance through customs.

Confidentiality

Obligations and techniques to maintain information confidential; active confidentiality; passive confidentiality; principle that suppression should not be carried higher in the commodity aggregation than necessary.

What to publish

Frequency; annual; quarterly; monthly; level of detail; currentness; publications; machine-readable formats; recommendations on technical/methodological information that compilers should provide with their published data; deviations from recommendations.

Mode of transport

Uses; modes of transport in use.

Trade reconciliation

The use of trade reconciliation to improve data quality; standard techniques; problems arising from adoption of specific concepts, such as fob and cif valuation; imports by country of origin or country of purchase.

Quality indicators

There is as yet no guidance given to compilers on how they should describe the quality of their data; this section would provide a few guidelines.

Double-counting

Associated with the globalization of trade through production and assembly in different countries.

Appendix III

REVISION OF THE STANDARD INTERNATIONAL TRADE CLASSIFICATION, REVISION 3

1. The Statistical Commission, at its twenty-seventh session, requested UNSTAT to revise SITC, Rev.3 at the most detailed level in full correlation with the revised HS and to issue the revision so that it would be effective 1 January 1996, the date of introduction of the revised HS. a/ At the same session, there was a strong view that in the longer term SITC, Rev.3 should be dropped, preferably at the time of the next revision of HS b/ (i.e., the next revision after the 1996 revision). The Commission also considered that the future Central Product Classification (CPC) could be used as the classification for analytical purposes for international trade statistics, thereby replacing SITC, Rev.3; trade data based on HS could be converted into data based on CPC. c/ The Commission decided to consider the use of CPC in place of SITC, Rev.3 for analytical purposes as soon as the provisional CPC had been revised and evaluated. d/

2. In accordance with this recommendation, UNSTAT drafted a new revision of SITC, Rev.3 and circulated it to the international organizations for comments on 15 July 1994. UNSTAT also prepared a draft of the correlation table between the 1996 HS and SITC, Rev.3; the table will be finalized by the end of 1994.

3. As of 8 November 1994, three replies concerning the new draft revision of SITC, Rev.3 had been received, one of which suggested that UNSTAT reassess the value, beneficiaries and practicability of continuing a revision of SITC, Rev.3. A technical note has been prepared bearing on that recommendation (see attachment).

4. The Task Force on International Trade Statistics discussed the matter at its meeting (14-16 November 1994); its views have been expressed above. Basically, the Task Force considers that it is not necessary to proceed with a revision of SITC, Rev.3, because the changes required are minor in scale.

5. In the light of the analysis carried out since the twenty-seventh session of the Commission, which is contained in the attachment below, as well as the above-mentioned longer-term views of the Commission and the views expressed by the Task Force on International Trade Statistics, the Commission is requested to decide whether (a) the revision to SITC, Rev.3, which has been prepared, should be finalized and issued, or (b) SITC, Rev.3 should be retained unchanged and a correlation between HS96 and SITC, Rev.3 should be finalized and made available to countries and other users for the conversion of data based on HS96 to data based on SITC, Rev.3.

Notes

a/ Official Records of the Economic and Social Council, 1993, Supplement No. 6 (E/1993/26), para. 162 (f).

b/ Ibid., para. 160.

c/ Ibid., para. 161.

d/ Ibid., para. 162 (g).

Attachment to appendix III

TECHNICAL NOTE ON THE REVISION OF THE STANDARD INTERNATIONAL TRADE CLASSIFICATION, REVISION 3

Nature and scope of the revision of HS

1. On 6 July 1993, the Customs Cooperation Council (CCC) adopted a number of amendments to the current (1992) version of the Harmonized System (HS92) that had been recommended by its Harmonized System Committee (HSC), thus creating a new version of HS to be known as HS96; all the amendments will come into force on 1 January 1996. At its thirteenth session (April 1993), HSC adopted correlation tables between HS96 and HS92.

2. HSC introduced HS96 in order to ensure standard coding and facilitate external trade data collection in the areas of new commodities and previously traded goods, which have become more important because of the increased value of trade. At the same time, it was decided to delete subheadings with an insignificant value of trade. HSC also took into consideration the constraints and limitations facing national customs offices in their classification of commodities according to existing criteria. It was recognized that some criteria were not practical or conceptually justified for certain commodity groups; it was therefore decided to change them and regroup commodities covered by certain four-digit headings into new six-digit subheadings.

3. As a result, 312 new subheadings were introduced into HS, the coverage of several hundred subheadings was changed, and 254 subheadings were deleted. Most of the amendments to HS have a direct impact on SITC, Rev.3.

Nature and scope of the draft revision of SITC, Rev.3

4. The draft revision of SITC, Rev.3, which contains all the relevant amendments incorporated in HS96, is based on the following principles:

(a) Do not change the structure of the Classification at the one, two and three-digit levels;

(b) Maintain the same general degree of aggregation of HS subheadings into SITC basic headings as was the case for SITC, Rev.3;

(c) Delete, create or redefine SITC basic headings, as necessary, to reflect (i) changes in the classification criteria of the relevant HS subheadings, (ii) deletion of existing HS codes and (iii) creation of new subheadings.

5. The proposed revision of SITC, Rev.3 includes the deletion of 34 existing codes and the creation of 71 new codes. In addition, 176 additional codes would change their coverage due to changes in the coverage of HS headings (see E/CN.3/1995/5/Add.1, annex, for detailed lists of the codes involved). The new revision of SITC, Rev.3 would also reflect editorial amendments to the text of

several hundred headings that would have no effect on either their coverage or their meaning.

Correlation between HS96 and SITC, Rev.3

6. The majority of the HS96 six-digit subheadings are correlated with one basic heading of SITC, Rev.3. Due to the changes indicated above, however, 140 of the HS96 subheadings do not have such a one-to-one correlation and are correlated with several SITC, Rev.3 basic headings. Most of those subheadings are correlated with basic headings in the same three-digit SITC, Rev.3 group, but 16 are correlated with basic headings from different groups.